# THE MARIPOSA ESTATE

ITS PAST, PRESENT AND FUTURE.

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# MARIPOSA ESTATE:

## ITS PAST, PRESENT AND FUTURE.

COMPRISING THE

## OFFICIAL REPORT OF J. ROSS BROWNE

(U. S. COMMISSIONER)

## UPON ITS MINERAL RESOURCES,

Transmitted to Congress on the 5th of March, 1868,

BY THE

## HON. HUGH McCULLOCH,

*Secretary of the Treasury of the United States,*

AND OTHER DOCUMENTS;

WITH A REVIEW OF THE CAUSES WHICH LED TO THE LATE FAILURE OF THE MARIPOSA COMPANY AND THE TRANSFER OF THE ESTATE TO TRUSTEES, FOR THE BENEFIT OF THE HOLDERS OF MARIPOSA CERTIFICATES AND PREFERRED STOCK OF THE COMPANY.

By the Chairman of the late Committee of Investigation.

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1868.

# Official Report

OF

## J. ROSS BROWNE, U. S. Commissioner, &c.,

UPON THE

## Mineral Resources of the Mariposa Estate.

On the 5th of March, 1868, the Hon. Hugh McCulloch, Secretary of the Treasury of the United States, transmitted to Congress the report of J. Ross Browne, Special Commissioner appointed to examine and report upon the mineral resources of the States and Territories west of the Rocky mountains. The following extract from this official report contains so much thereof as relates to the Mariposa estate:

### THE MARIPOSA ESTATE.

The Mariposa estate, or Fremont Grant, as it is sometimes called, contains 44,380 acres, or about 70 square miles. It reaches 12 miles from east to west, and 12½ miles from north to south. Its greatest length, from northwest to southeast, is about 17 miles, and its average width nearly 5 miles. Its northern line touches the Merced river, the southern the town of Bridgeport. It includes the towns of Mariposa, Bridgeport, Gaudalupe, Arkansas Flat, Lower Agua Fria, Upper Agua Fria, Princeton, Mount Ophir, and Bear Valley. The grant was made while California was under the dominion of Mexico, to Juan B. Alvarado, and it was purchased in 1847 by J. C. Fremont, who presented his claim for the land to the United States land commission, and it was finally confirmed to him, and the patent was issued February, 1856.

The original grant was of land suitable for grazing purposes in the basin of the Mariposa river, but the boundaries were not fixed, and the grantee had the right of locating the claim on any land within a large area. When the grant was to be surveyed Fremont said he wanted a long strip of land in the low-land on both banks of the Mariposa river; but the United States surveyor told him the survey must be in a compact form. Then, instead of taking a compact area of grazing land and worthless mountain, he swung his grant round and covered the valuable Pine Tree and Josephine mines, near the Merced river, besides a number of others which had been in the undisputed possession of miners, who had long been familiar with Fremont, and had never heard the least intimation from him that he would in any event lay claim to their works.

Personal indignation thus came in to embitter a quarrel involving large pecuniary interests, but the patent did not necessarily give the gold to the grant of Fremont. Under the Mexican law the grantee had no right to the minerals, and the American law spoke of a confirmation, not an enlargement, of the Mexican title. Here, then, was another subject for litigation; and at last, in 1859, that matter was settled by a decision that an American patent for land carries the minerals with it. The adverse claimants defied the officers of the law; the mines were converted into fortifications; the mouths of the tunnels were barricaded; there were besiegers and besieged; several men were killed; but at last, in 1859, Fremont triumphed, and, under his Mexican grant, obtained land which the Mexican government did not intend to grant, and minerals which it systematically reserved.

In a short time after the title was satisfactorily settled, the yield of gold from the quartz mines of the estate became very large. The monthly production in 1860 averaged $39,500; in 1861, $53,500; in 1862, the year of the great flood, which injured the mills, flooded mines, and broke up

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# PREFACE.

THE brilliant future promised for the Mariposa Company by its projectors, only six years ago, having been followed so soon by a most disastrous failure, much difference of opinion has arisen as to the value and resources of the Mariposa estate. In order to furnish reliable data, from which any one interested may form his own opinion upon these points, it has been deemed advisable to republish, from an official communication transmitted to Congress by the Hon. Hugh McCulloch, Secretary of the Treasury, on the 5th of March, 1868, the report of J. Ross Browne, Special United States Commissioner, appointed to examine and report upon the mineral resources of the States and Territories west of the Rocky Mountains, so far as the same relates to the Mariposa estate: to which is added a communication upon the same subject from Mr. Raymond, who succeeded J. Ross Browne as United States Commissioner, upon the appointment of the latter as Minister to China, taken from a late number of that valuable record, *The American Journal of Mining:* also, a special report upon the same subject, made by William T. Bourne, Esq., at the request of a Committee appointed to investigate the affairs of the company.

The reports of the Committee of Investigation, lately appointed by the bondholders of the company, have also been reproduced for the purpose of explaining the plan which has been adopted for perfecting the title to the estate, and by vesting the same in trustees, to secure the income thereof to the holders of the Mariposa certificates, and of the preferred stock of the company, entirely independent of, and free from, any control of the company, and beyond the reach of its creditors.

Much misapprehension appears to exist in the public mind as to the causes which led to the late failure of the company, and the undersigned, in his capacity of Chairman of the Investigating Committee lately appointed by the bondholders of the company, having had occasion, among other things, to trace out the history of that disastrous event, by way of general answer to the innumerable letters of inquiry which have been addressed to him upon the subject, has thought fit to present to the publishers all the facts in his possession, showing the grounds for the opinion so confidently expressed by the Committee in their report that the resources of the Mariposa estate were amply sufficient not only to pay all its debts in full, but also, with sufficient capital and proper management, to pay dividends upon the capital stock of the company.

A perusal of the following pages, it is believed, will show that the late failure of the company was due to causes which will not necessarily, or even probably, affect the estate under its new administration, commencing operations, as it does, untrammeled by debts, and with an actual cash capital of over half a million of dollars, not borrowed, but PRESENTED TO THE COMPANY AS A FREE GIFT, every certificate issued representing an equal amount of its bonds or preferred stock surrendered, and this cash capital being simply the cash bonus paid upon the exchange, and if another half million of dollars can be profitably used by the trustees in developing the estate, the same long-headed capitalists who have already realized a profit of a hundred per cent. upon this first donation, in the increased value of their property, would willingly pay a premium for the privilege of contributing this additional amount upon the same terms.

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roads, $43,500; and in the first five months of 1863, $77,000. In March, 1863, the yield was $94,000; in April, $92,000; and in May, $101,000. The production seemed to have reached the figure of $100,000 per month, with a fair prospect of still further increase. It was at this time that the estate was sold to an incorporated company in New York city, and the stock put upon the market in the midst of the San Francisco mining stock fever, which extended its influence across the continent. The prospectus of the company presented a very attractive picture to speculators. The average monthly yield for three years and a half had been $50,000, and for half a year the net profits had equalled that sum. The reports of various mining engineers indicated that the results of future workings would be still better. Messrs. Wakelee and Garnett, who spoke with great caution, and expressed doubts about the value of the Mariposa, the Pine Tree, and Josephine mines, still thought that the monthly productions of the estate could soon be raised to $220,000, at an expense of not more than $50,000, leaving $170,000 net monthly income. Dr. J. Adelberg, speaking of the Pine Tree and Josephine mines, said:

"In regard to the value of the veins, I can say no more than that their yield in precious metal is limited only by the amount of work done in them but I recollect Mr. Frèmont once commissioning me to make an estimate to their endurance in the limits of the longitudinal extent now opened. I found by calculation that they would yield for 388 years 100 tons daily, without the requisition of pumps. I mean down to the water level."

Mr. Timothy C. Allyn made a report on the property in December, 1862, and expressed the opinion that the yield could be increased $100,000 per month, gross, and $50,000 net. A report equally favorable by Mr. Claudet was also published. Professor Whitney, a most careful, conscientious, and competent authority, had said:

"The quantity of material which can be mined may, without exaggeration, be termed inexhaustible. I can hardly see a limit to the amount of

gold which the property is capable of producing, except in the time, space, and capital required to erect the necessary mills, build roads to them, and open mines, so as to keep them supplied with ore."

With these opinions and facts, large quantities of the stock were purchased, and there were large quantities of it to be purchased, for the paper capital of the company was $10,000,000.

The company was organized by Fremont's creditors, who had become owners of the property; but instead of cancelling the debt and taking stock for it, they took a mortgage for $1,500,000, payable in gold, and issued the stock subject to that debt, which was supposed to be the only incumbrance on the property; at least, that was the supposition of many who bought the stock. It soon appeared, however, that there were $480,000 in gold due, besides $300,000 on the Garrison lien, $50,000 on the Clark mortgage, and $130,000 to workmen and others, in California.

The new company selected Mr. F. L. Olmsted for their manager, and he took charge of the estate on the 14th November, 1864. He found everything in confusion. The production had fallen off very suddenly after the sale. It seemed as if every nerve had been strained to make the yield of May as large as possible, and that as soon as the sale was made the production decreased more than 50 per cent. The yield for the first five months of 1863, before the sale, was $385,000, and during the last six after the sale, $186,993. In the former period there was a net profit of $50,000 per month; in the latter a net loss of $80,000.

In May, 1864, Professor Silliman made a report on the estate, in which he said:

"A person accustomed to view mines must be deeply impressed on the first view of this estate, not more with the great extent and vigor of the former workings—evidence of which is seen equally in the underground extraction and in the surface works, railroads, mills, trails, wagon roads, warehouses, and workshops—than with the equally conspicuous fact that the former owners had no regard for their successors, inasmuch as they have in every instance violated, in the most remarkable manner, that fundamental

maxim of all successful mining, namely, to keep works of exploration well in advance of works of extraction. The neglect of this maxim, in ordinary cases, is never of doubtful issue. In your case the result has been peculiarly unfortunate, since your estate is not a mine, but a vast collection of mineral veins, on many of which valuable mines may be developed, and on some of which such developments were made of an encouraging character, but the neglect to apply the principle in question has resulted in the complete suspension of three of the mills, the partial suspension of a fourth, and the supply of a fifth for a time with an inferior quality of ore, all because the veins on which these mills depended for ore were worked on the improvident plan of taking all the ore in sight as far and as fast as it could be found, but never anticipating the evil day, sinking shafts and driving levels long enough in advance of the calls of the present hour to foresee disaster, much less to prevent it.

"A mine is a storehouse in which are garnered certain treasures of large, it may be, but not inexhaustible supply. Certain it is, the ore which has been mined will never recur. Hence, it is the fate of all mines at some period to become exhausted. The only compensation to this circumstance is in the possession by one company of a considerable number of mines which may be brought, in succession, into activity, so as to supplement each other. Your position in this respect is one of immense strength; not only do you hold on the Mariposa estate a vast plexus of veins, of most of which very little is known at present, but you also own a great length of country on several veins, the character of which is already proved. It follows from this state of facts that, with the frugal and timely application of capital, you ought never to be in a position where the partial or complete exhaustion of a particular mine, or of several mines, should be severely felt on your general production, nor would it be so to-day, had it been the interest of those who preceded you to apply the simple maxim already quoted. But the reckless disregard of this sound principle has resulted, not only in a partial suspension of your production of gold—amounting to a serious disappointment of well-founded hopes—but, still worse, in the almost destruction of certain parts of the mines, where the usual piers of vein have been removed for milling, leaving the mines to crush in, endangering not human life only, but the very existence of the mines themselves. The simple result of all this has been, that your manager found himself, at the outset of your occupancy, face to face with a most embarrassing and painful state of facts, with the alternative before him of throwing off the duty he had undertaken or of grappling with the difficulties and, by a series of judicious measures, extricating this noble estate from its disastrous position. Fortunately for all concerned, he elected the latter alternative; and it will give me pleasure to point out in what manner he has, with great good judgment, proposed to meet the difficulties he has found.

* * * * * *

"It is quite obvious, from the facts and statements already detailed in this

report, that you hold an estate of very great value, but also in a great degree undeveloped, and demanding a large amount of active capital for its proper management. That the judicious use of money will be rewarded, and that speedily, by exploring the undeveloped quartz veins of the estate, is too obvious, I trust, after the arguments and facts already set forth, to require further illustration. All explorations will not be fruitful certainly, but those which are so will become so largely remunerative that they will cancel the others. By no other plan can you hope to manage the estate with honor or profit. By this method you will be sure to develope a vast value, which will render your stock desirable as a permanent and safe investment. By any other system you may attain a spasmodic vitality--to be followed soon by a total collapse.

"Your manager fully appreciates these views, and his plans, now in progress of development will not fail to secure the early and permanent prosperity of the Mariposa estate."

In 1864 the yield was $465,000, and the expenditures of the mines and mills $760,000. With a debt of $3,000,000 (that was about the figure on the 1st January, 1865,) and a monthly loss of $20,000, the company was evidently not in a prosperous condition. On the 23d January, 1865, a committee of stockholders, appointed to investigate the condition of the company, made a report, and recommended that money be raised by assessment or loan to pay the most pressing debts, so that the work might be continued. They gave it as their opinion that the property was "worth preserving to the stockholders," and that the embarrassments were "owing to defective organization and want of working capital." The company did not succeed in raising the money to pay their most pressing debts, and the estate was placed in the hands of Dodge Brothers, creditors, for the purpose of enabling them to work it and pay their own and others' debts.

The trustees found, according to their own statement, that they had spent more at the end of a year than they had received; and the company being dissatisfied, brought suit and obtained the appointment of a receiver.

Mr. Mark Brumagim, President of the company, under date of September 6, 1867, gives the following statement of the present condition of the Mariposa estate:

"After a period of legal and financial difficulties which have weighed heavily upon the Mariposa estate, the company have succeeded in successfully terminating the long pending law suit with the lessees. A final settlement has been made with the Messrs. Dodge Brothers (the lessees,) by which they relinquish to the company all their rights under the Olmsted lease, for the possession of the whole property.

"The floating debt has been reduced from about $200,000 to less than $60,000, which has been concentrated into holders who are interested in the success of the company, and the greater portion of which is made payable in instalments running through the next twelve months.

"The Mariposa estate consists of upwards of 44,000 acres of gold-bearing land, in the heart of the mineral region of California. It contains more than 1,000 auriferous quartz veins, of which some thirty have been partially opened, and proved to be paying veins when provided with proper reduction works. Of these mines only five have been supplied with machinery, and that of a primitive kind, and very inefficient for saving gold. Where thousands have been taken from the estate, millions of dollars have been lost by bad management and worthless machinery."

"The working of the Josephine and Pine Tree mines for the year 1860, and to the date of the incorporation of the company, shows an average gross yield of $8.53½ to the ton. From that time the yield for the above two mines has been, respectively, as follows:

"The Pine Tree mine, under the succeeding management, yielded, in gross, an average of $6 per ton; the lowest run having been $4.21, and the highest, $9.97 per ton.

"The books kept by the Olmsted management also exhibit the following in regard to the Josephine mine: The lowest run for any one clean up was $2.42 per ton; the highest, $7.05 per ton; making an average gross yield for this period of $4.52 per ton. In brief, the average yield of this mine

was at that time so low that it was partially abandoned as worthless by their method of saving gold.

"Under the next management (that of the lessees of the company who succeeded Olmsted), the books show that the quartz from these two mines was worked together with an average gross yield of $9.01 per ton, the ore having been more or less selected.

"The Pine Tree vein is in some places over 30 feet wide, and runs parallel with the Josephine, which has a width of some twelve feet, both mines cropping out on the summit of Mount Bullion, 1,500 feet above the Merced river, at which the Benton mills are located.

"The Josephine contains considerable sulphurets, while the Pine Tree has rather the character of a "free gold" vein. Both have more or less of oily substances in the seams of the veins. The ore contains largely of "float gold," so fine that it floats for hours on the surface of the water.

"Quartz from these mines is now supplied to the mills from the tunnels penetrating the veins near the top of the hill, but it is designed to open them by a tunnel at the base, some thousand feet below the present workings, which will insure an unfailing supply of ore.

"Under the company's, or present management, since we obtained full possession, we have changed the Bear Valley mill into the "Eureka process," for saving gold. This mode of disintegration produces a fine, almost impalpable powder like superfine flour. Half a ton of this is enclosed dry in an iron receiver. Superheated steam or gas is admitted, which, in the course of a few minutes desulphurizes and drives off all base metals and oily substances. Quicksilver is then introduced, and a portion evaporized, and is afterwards condensed by common steam and cold water. An ingeniously constructed shaking table, of copper, about 20 feet long, on a wooden frame, with riffles of a peculiar formation, gives to the water and pulverized substance, with the amalgam, the same action as that of the ocean surf, an un-

dertow. As the mass descends on the table, the amalgam, from its metalic weight, gradually clears itself from the quartz substances, and the gold is easily and quickly collected in the troughs of the riffles; and so effectually that the residue contains scarcely a trace of gold.

"With this mill the company have recently worked some 800 tons of quartz from the Josephine mine. The lowest yield at any clean up was $31 per ton; the highest was $173 per ton; giving an average of $40.53 per ton. In the greater portion of this quartz not a particle of gold could be discerned before crushing. From these facts it will readily appear why the property has hitherto paid no dividends.

"Captain Henry J. Hall, a practical and experienced quartz miner, has now charge of the mines and mills of the company, and is adapting the Eureka gold saving process to all the mills of the estate. The aggregate capacity of these mills under former management was 292 tons daily, or about 7,500 tons per month, a capacity which still exists. The mills are located near the Josephine, Pine Tree, Mariposa, Mount Ophir, and Princeton mines, all proved to be large, well defined, and inexhaustible veins. There may be easily taken out from these five mines, at the present time, 200 tons of gold ore per day, and increased on the present openings by enlarging the working facilities, to 4,000 tons per day. The cost of mining and reducing the ore will be less than $10 per ton, and may yield an average of $40 per ton. The old mills have produced upwards of $3,500,000. Under an intelligent system of working they ought to have yielded over $10,000,000.

"The amount of profits from the estate can only be estimated in propotion to the number of mills provided for the reduction of the ores. The reader may draw his own conclusions from the facts and figures herewith presented.

"It will be remembered that the representations heretofore made by the undersigned were based on the low estimate of

a sure gross average yield of $20 per ton, by the new reducing machinery. The present working shows that such estimates may no longer be regarded as theoretical, as the actual results fully illustrate. They will be amply confirmed by the future of this great property."

* * * *

Experienced quartz miners, familiar with the estate, are almost unanimous in the opinion that the Princeton, the Pine Tree, and the Josephine mines are far from exhausted, but, on the contrary, that they are all very valuable, and ought to be made to pay well, and that the failures of the last four years are to be ascribed mainly to bad management. It is true that when the Mariposa Company took possession, the mines were not opened in advance as they should have been; but they were opened, the position of the pay chimneys was determined, the hoisting works and pumps and mills were in working order, with capacity to crush and amalgamate 150 tons of rock per day; there were experienced miners present, familiar with the character of each vein; there was a railroad for transporting the rock of two of the principal mines to the mill; and there were improvements that were indispensable, and that could not have been placed there for less than a quarter of a million dollars. The property, however, was not managed properly, and the result was a failure, which is the more remarkable because it followed immediately upon the heels of the most brilliant success.

## THE PRINCETON MINE.

The Princeton mine has been one of the most productive in California, and has been noted for both the abundance and the richness of its quartz. For a time it yielded $90,000 per month from milling rock, and this is more than any other mine of the State ever did.

The mine is situated about half way between the Mari-

posa and the Pine Tree mines, and is on a hill easy accessible. The course of the vein is northwest and southeast; the dip, 55° northeast; the thickness varies from a few inches to 10 feet. The vein has been opened to a depth of 560 feet on an incline, and 200 feet below the surface; drifts have been run 1,200 feet along the vein, and at the deepest workings the drifts extend 500 feet. The rich rock was found within 100 feet of the surface, where the pay was $70 per ton from milling well, besides large numbers of specimens, of which it is said that not less that $100,000 in value were stolen by the miners. Below this rich mass of rock the quartz gradually became poorer, and there were spots which did not pay for working; but it is said that there is still an abundant supply of good milling rock in sight.

Professor W. P. Blake made a report on the mine in November, 1861, and said:

"The vein is composed of white friable quartz, and is divided into parallel layers or plates by thin slatey films, which are generally charged with fine grained pyrites and free gold. The body of the quartz bears white vein pyrites crystallized and spread in irregular patches and a small portion of galena, together with free gold in irregular ragged masses, in plates and scales, and sometimes crystals. The gold appears to be most abundant in the neighborhood of the galena, and is found not only with the iron pyrites striking its sheets through its substance, but entirely isolated from it and enveloped in the pure white quartz. Some of the specimens preserved are exceedingly rich and beautiful, and just before my examination of the vein some superb crystallizations had been broken out. These crystals are bunches of octahedrons, with perfectly flat and highly polished faces from one-eighth to three-sixteenths of an inch across, and are attached to masses of white quartz."

Professor Blake made a second report on this mine in December, 1864 and said:

"It is evident on a careful examination of the surface that there is a want of conformity in direction between the vein and the slates. The slates on the west side are curved towards the vein in the form of a bow, the ends of the curve appearing to abut against the vein at both ends, the vein forming in its line of outcrop, with respect to the slates, the chord of an arc. There

is also a want of conformity in direction between this body of curved slates on the west side of the vein and those on the east side of it, showing with most distinctness at the north end, near the mouth of the upper drift. On the east side the trend of the slates is seen to vary at different places from north 45° west to north 95° west. They are nearly east and west at the north end of the vein. * * * There is also a want of conformity between the body of curved slates on the west side of the vein and the slates still further to the west, as if the curved body of slate had been broken from some other place and forced into its present position. The line of contact is not very distinct, but just in the position we would expect to find it we see a quartz vein which seems to mark the place. It is approximately parallel with the Princeton vein, and is also gold bearing.

"This want of conformity in the direction of the slates on the opposite sides of the vein and with the course of the vein itself, and the fact that the ends of the layers of slate abut against the vein, or, in other words, that the vein does not coincide with the plane of the bedding or stratification of the slates, justifies the conclusion that it is a fissure vein rather than a bedded mass, as has heretofore been generally supposed. It evidently occupies the line of break between the two distinct bodies of slate.

"The mineralogical character of the slates on the opposite side of the vein is also different. The slates on the west side are much more sandy than those on the east, which are argillaceous and in very thin layers of uniform composition, presenting the well-known appearance and character of roofing slates. There are several layers in the series on the west side which might be called sandstones rather than slates. There are also in connection with these sandy bars of a hard argillaceous rock, with an obscure slaty structure which resists weathering more than the surrounding portions and stands out in well-defined outcrops. These two bars of rock are each from six to eighteen inches in thickness and are about 170 feet apart.

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"It is a curious fact that the gold bearing part of the vein appears to have a certain relation to these peculiar argillaceous rocks or strata, for it does not extend beyond the line of contact of these strata with the plane of the vein. So also in the northern extension of the Princeton vein, half a mile to the northwest, at the Green Gulch mine, where the vein was productive, the same peculiar rock is found in connection with the vein on the west side."

Near the mill the vein splits and the two branches run off southeastward nearly parallel with one another. At a distance of a mile they are about 300 yards apart. These branches have not been well explored or prospected, so not much is known of their character. On the main vein there are seven shafts and a great number of workings of differ-

ent classes, such as might be expected of a mine that has yielded $4,000,000 and sustained a considerable town. From January, 1859, till June, 1860, Steptoe and Ridgway had charge of the mine, and extracted 2,000 tons, which averaged $18 per ton. From June 1, 1860, till November of the same year, under the management of Park, 23,916 tons of quartz were crushed, yielding $527,633, an average of $22 25 per ton. In 1862 and 1863 the production was 121,000 tons of quartz and $2,000,000 of bullion, averaging $16 50. In 1864 the yield of bullion was $243,707. In 1863, when the mill was working rock which yielded $53, the tailings, according to assay, contained $13 56 per ton. The pay was distributed rather in an irregular mass than in a chimney; but Professor Blake expressed the opinion in his report of 1864 that there was a chimney, and that its dip was 18° to the horizon.

The Princeton mill has 24 stamps, and is the smallest on the Mariposa estate, at least of those owned, erected, and worked by the Mariposa company. The capacity of the mine far exceeds that of the mills, and while the former was in a productive condition much of the ore was sent to other mills. The gold in the quartz is coarse and is easily caught in the battery, or at least most of it; but the assays of the tailings show that great quantities of it were lost. The heap of tailings at the mill is immense, and it will no doubt be worked over at some day with a profit, if not all blown away. The sand being fine many pounds of it are carried off every hour when the wind blows in summer. The mill was driven by steam. The stamps weigh 550 pounds and made 70 drops per minute. Both mine and mill are now idle.

## THE PINE TREE.

The Pine Tree mine, contiguous to the Josephine, and thirteen miles from the town of Maraposa, is considered to be on the main mother lode, which runs northwest and southeast, dips to the northeast, and is here in places

40 feet thick. The ore is extracted through tunnels and carried down to the mills on a railroad. The workings are 500 feet deep and 1000 feet long in the vein. There are seven pay chimneys, which vary in length, horizontally, from 40 to 200 feet. The rock in each chimney has a peculiar color or appearance, so that persons familiar with the mine could tell at a glance from which a piece of quartz came. The coarsest gold was found in the narrowest chimney. In three years previous to May, 1863, the Pine Tree and Josephine mines produced 45,000 tons of ore and $350,000, in bullion, an average of $7 77 per ton. In 1860 these mines produced 12,154 tons and $113,530, or $9 34 per ton; in 1861, 21,576 tons and $173,810, or $8 05 per ton; in 1862, when the dam was carried away by the flood, nothing; and in 1863, previous to June, 6,000 tons and $35,000, or $5.83 per ton. The total expense was $5 per ton for a portion of the time at least, the cost of transportation by car being 72 cents. In 1864, the Pine Tree yielded $67,940. In December, 1863, when the ore paid $29 to the ton, the refuse tailings assayed $16 to the ton, showing a great waste. There is a large quantity of good ore now in sight in the mine.

The particles of gold in the Pine Tree quartz are exceedingly fine, usually so small as to be invisible to the naked eye. As a consequence it is very difficult to catch the metal in the process of amalgamation, and Professor Ashburner, in a report made in May, 1864, said that 70 per cent. of the gold in the quartz worked in the Benton mills was lost, or in other words, only 30 per cent. of it was saved. This fact was ascertained by a "series of assays on the tailings which have been allowed to run to waste."

In the same report he said, "I think the Josephine vein, as it is called, is nothing more than a branch from the Pine Tree, and the two systems of workings, as they have never been carried on in connection, have given rise to two mines."

Dr. J. Adelberg made a report on the mining property of the Mariposa grant, in August, 1860, and in it said:

"These two veins run parallel on the whole, but sometimes a little diverging, sometimes a little converging; sometimes running together and forming two distinct divisions of one vein. They belong to distinct geological periods, the Pine Tree being earlier and the Josephine of more recent formation. The ores of both veins are very distinct, the older vein bearing, in those depths now laid open, mostly oxydes and carbonates, (among which the blue and green carbonate of copper is very characteristic,) and the Josephine, or more recently formed vein, bearing the iron and copper as sulphurets only. The eruption of gold bearing quartz has formed here veins which are equalled in extent by no other gold bearing quartz vein."

Messrs. Garnett and Wakelee, who examined the Pine Tree and Josephine mines in May, 1863, expressed the opinion that they did not contain any considerable body of ore then in sight to pay by the modes of amalgamation in use at that time, and the only hope for making these mines "an active element of production instead of consuming expense," lay in improvements in the system of working the ores.

## THE JOSEPHINE MINE.

The Josephine mine is on a mountain side, 1,600 feet above the level of the Merced river. The vein runs southwest and northeast, and dips to the northeast. Professor Silliman says it is a contact deposit between serpentine and shale; but Mr. Kelton, who has been a superintending miner in the Josephine for more than ten years, says that in some places there is green stone, and in others slate on both sides, and it is richer in the slate than the green stone. There is no gouge in the green stone. The lode varies in width from 5 to 30 feet, averaging more than 10. In those places where the vein is small the quartz is mixed with slate. The mine has been worked through three tunnels, the upper one being 100 feet above, and the lower 180 below the middle tunnel or Black drift, as it is called. The drifts have been run 500 feet in the lode, and the depth of the workings perpendicularly is 520 feet.

The pay-rock has been found in seven chimneys, which are from 40 to 100 feet in length horizontally, and are separated by barren streaks from 4 to 6 feet long in the drifts. The pay chutes dip 45° to the southeast; but the dip is less regular on the under than on the upper side of the chute. The richest deposit is found along the foot wall, and a small streak of pay is found along the foot wall in the barren chutes. The Josephine ore has usually been worked with that from Pine Tree in the Benton mill, so that separate accounts have not been kept of most of the workings. The Josephine vein is considered a branch of the mother quartz lode, from which it separates at the Josephine mine, running northwestward nearly parallel with the main vein. At a distance of half a mile from the fork they are about 300 feet apart. Although the mine is now lying idle, miners say there is a large quantity of $20 rock in sight.

The indigo vein, so called because of the peculiar blue color of the rock, is 4 feet wide, and 450 feet west of the Josephine mine. The vein stone is talcose, and in places is rich in gold. It is called India-rubber rock by the miners, and is difficult to break with the hammer, but tears out well when blasted. The vein has not been opened, but a tunnel has been run through it, and it has been prospected a little in spots on the surface.

## THE MARIPOSA MINE.

The Mariposa mine is situated in the eastern border of the town of Mariposa, on the Mariposa lode, the direction of which is nearly east and west, the dip 51° south, and the width of the main vein from four to eight feet. Near the mill the vein forks, one prong running westward in the line of the main lode, and the other running north of west. At a distance of 300 yards from the forks, the two prongs are not more than 60 yards apart. Each fork is about 3 feet thick. The rock is white ribbon quartz; the walls are a black talcose slate. There is but

little gouge, and the quartz is so hard that no progress can be made without blasting. East of the fork the gold is in fine particles, and is evenly distributed through the pay chute, while west of the fork the gold is collected in rich pockets, which are separated from one another by large masses of very poor quartz. These pockets contain almost invariably arseniurets of iron, accompanied by pyrites. The presence of these minerals is considered a certain sign that a good deposit of gold is not far distant. One pocket paid $30,000, another $15,000, and numerous other sums, varying from $100 to $1,000.

The great richness of the vein is proved by the facts that the decomposed quartz at the surface was worked or washed for a distance of half a mile, the ravines immediately below the lode were famous for their richness, and drifts have been run a quarter of a mile under ground. It is said, before Fremont obtained possession, squatters took $200,000 from the mine. The quartz taken out in 1864 averaged $25 per ton; but afterwards the average yield was only $11. Persons familiar with the mine say an abundance of rock might be obtained to yield $12 or $15.

Before the sale of the grant to the Mariposa company the mine was leased to Mr. Barnett, who paid 10 per cent. of the gross yield, a very good share, and afterwards when he was told that he could not have the property on those terms he offered to pay 30 per cent. of the gross yield, and to give good bonds. His offer was rejected, and the mine is now idle. Mr. Barnett worked the mine on a very economical plan. His stamps had wooden stems; he amalgamated in arrastras, and his mortar was fed from a hopper or self-feeder. Little hand labor was done in the mill in the daytime, and none at all at night. Indeed, everybody left the mill at supper time; and it was allowed to run without supervision till morning. The quartz was taken out under Barnett's directions, who having spent many years at the place, was thoroughly familiar with it; and before going to the mill, all the barren pieces were rejected.

It was supposed that the mine would pay better if it were worked on a larger scale, so the mill that had stood at the Green Gulch of 40 stamps was moved to the Mariposa mine in 1864, in accordance with the recommendations of Professor Ashburner.

Professor Silliman, in a report made in May, 1864, said:

"I feel convinced that the Mariposa vein is, on the whole, the most remarkable auriferous vein yet developed on the Mariposa estate, and if the half which is believed of it by those who know it best should prove true, it will alone almost sustain the estate. The mill now erecting in Mariposa creek is the same which has been removed from Green Gulch, where, as it proved, there was no further use for it. Mr. Ashburner having examined and reported approvingly on this removal, I have not felt it needful to re-examine the evidence, the decision undoubtedly being a wise one. The fault of the other mills (except the Princeton) of being set too low has been remedied here, and with a well-considered system of amalgamation, there can be no doubt that excellent results will be arrived at in working the mill in its new and well chosen position, nor can there be any doubt that the mill will receive an ample supply of quartz to engage it fully in crushing."

The gross yield of the mine in 1864 was $84,948; but there was no profit, and among the intelligent miners in the neighborhood, there is much doubt whether enough pay quartz could be obtained to keep a 40-stamp mill going.

Messrs. Wakelee and Garnett, in their report on the grant, say:

"The Mariposa vein we examined more particularly, as it has been quite celebrated for the extraordinary richness of its pockets of massive gold. The vein consists of a main trunk and two branches. It is in the latter that these deposits have been found. They have not been worked upon any regular system, but have been much burrowed into by different parties in quest of these rich pockets. The quartz itself is almost entirely destitute of any trace of metal, and its value seems to consist entirely of these massive deposits. It is needless to add, perhaps, that from this peculiarity it furnishes a very uncertain basis for any extensive system of mining. The main trunk of this vein differs from its branches, and the quartz found in it is uniformly charged with the metal. The ores yield, according to the best information we could obtain, about $16 per ton."

## THE GREEN GULCH MINE.

The Green Gulch mine, in the vicinity of the Princeton, has been explored by a shaft 200 feet deep, and by drifts running 400 feet horizontal, and the conclusion is that the deposits of auriferous quartz are not sufficiently near together to pay for working. The vein is about three feet thick, but the quartz is mixed in places with slate, which reduces the yield to a point so low that there is no margin for profit. Some rich bunches of rock have been found, and under the encouragement given by them a 40-stamp mill was erected, and new explorations were undertaken; but the rich bunches were too far apart, and the mill was afterwards removed to the Mariposa mine. The yield of the Green Gulch mine in 1864 was $19.509. In December, 1863, while the rock was yielding $38 per ton, an assay of the tailings showed that they contained $6 60 per ton.

## OTHER MINES ON THE MARIPOSA ESTATE.

The Oso mine, half a mile from Bear valley, is in a very narrow vein of decomposed talcose matter, running across the slates. It was very rich near the surface, and according to rumor the sum of $400,000 was taken from a shaft 50 feet deep and 7 feet long on the vein. No work has been done at the place for years.

The New Britain, or Missouri mine, is two miles northwest of the town of Mariposa. The vein averages about two feet and a half thick, runs east and west, dips to the south, and can be traced on the surface by croppings for four or five miles. The vein stone is a soft white and yellow quartz, which breaks up like slaked lime when exposed to the air. The walls are of hard black slate. The only pay chimney which has been worked dips to the east with an angle of 50°. The quartz in this chute has been taken out to a depth of 80 feet, and it contained a number of very

rich pockets, one of which was taken out by Mr. Garnett, and yielded $52,000 at an expense of $5,000. In one day and a half he took out $9,000. Professor Silliman says it is a "very promising vein."

The Mt. Ophir mine is on the Mother or Pine Tree lode; has been worked extensively, and never rivalled the Princeton, Pine Tree, Josephine or Mariposa mine in the amount of production. The yield in 1864 was $12,540. The Mt. Ophir mill has 28 stamps, now idle.

## MILLS ON THE MARIPOSA ESTATE.

The Benton mills, built to work quartz from the Pine Tree and Josephine mines, stand in a deep canon on the Merced river, by the water of which they were driven; but the dam which supplied the water was carried off by a flood, and the mills have been standing idle. The number of stamps is 64.

The Bear Valley mill has 12 stamps. At this mill the Lundgren pulverizer and the Ryerson amalgamator are now being used.

The Lundgren pulverizer is a barrel five feet in diameter and three feet in length, made of boiler iron three-eighths of an inch thick, heavily riveted. Inside, the barrel is shod with iron shoes an inch thick. A door a foot wide and two feet long is placed lengthwise on the side of the barrel. There are two of these barrels at the Bear Valley mill, and the cost of the two with their gearing was $2,300, but if many were demanded they could no doubt be made for $1,000 each. The barrels revolve horizontally, making 24 revolutions per minute, and requiring a six-horse power engine for two of them. A charge is 800 pounds of quartz and 2,400 pounds of ounce musket balls made of chilled iron. The quartz, previous to going into the barrel, is crushed to about the size of grains of wheat, and after being in the barrel one hour comes out an impalpa-

ble powder, as fine as the finest flour. The powder is so fine that if it were pounded dry in the open air much of it would float away. The thoroughness of the pulverization is claimed to be the great advantage of this machine.

The quartz powder is transferred from the barrel into the Ryerson amalgamator, an upright barrel, made of strong boiler iron, with a bottom shaped like an inverted cone, round which winds a pipe pierced with a number of little holes. The barrel being charged and closed, superheated steam is thrown in and then quicksilver, which is converted into vapor and made to pervade the whole mass. A cold bath condenses the quicksilver, and the charge is discharged into a shaking table or settler.

The amount worked daily by these processes is nine tons of Josephine ore, and the yield varies from $39 to $173 per ton, with an average of $45, at an expense of $6 50 per ton. The rock thus worked is taken without selection from the pay chimney, aad the body of ore now in sight, and presumed to be of the same quality, is 280 feet high, 45 feet wide longitudinally on the same vein, and 3 feet thick—an amount equivalent to 940 tons. It is presumed that the body of the quartz of that quality is much more extensive, both horizontally and vertically, than the present shafts have gone.

The mills of the Mariposa estate are the Benton, 64 stamps; the Mariposa, 28 stamps; the Mount Ophir, 28 stamps; the Princeton, 24 stamps, and the Bear Valley, 12 stamps—making 156 stamps in all.

The yield of the estate was $474,000 in 1860; $642,000 in 1861; $522,000 in 1862; $385,000 (with $50,000 net per month) in the first five months of 1863; $481,832 in 1864; and $230,000 in 1865. During the first half of 1867 the mines and mills all stood idle; but of late a little work has been done with the Ryerson and Lundgren processes.

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WASHINGTON, *March 5th*, 1868.

## LETTER FROM MR. RAYMOND, UNITED STATES COMMISSIONER.

The following editorial correspondence, which we extract from the *American Journal of Mining*, is from Mr. Raymond, U. S. Commissioner, appointed in place of Mr. J. Ross Browne, who resigned upon receiving an appointment as Minister to China:

LAS MARIPOSAS, *June* 28, 1868.

We have passed nearly a week on the famous Mariposa Grant, riding over it for a hundred miles in all directions, and studying as faithfully as time and strength would permit, its character, resources, value and history. It is indeed a noble estate, and no one who visits it can resist the conviction that its treasures are by no means exhausted—nay, scarcely touched—and that its days of prosperity will return. It is easy to look back, and criticise with severity the mistakes of the past. The administration of Mr. Olmsted, who took charge of the property in October or November, 1863, for the Mariposa Co., has been much blamed, and not without reason, but we are convinced that the New York management was quite as responsible themselves as the conductor of the mines, for the disaster which overtook the enterprise.

Mr. Olmsted was avowedly without experience in mining; but he had the advice of Ashburner and Blake, two very capable engineers. Some works were undertaken—such as the long tunnel at the Mariposa mine—which should have been let alone; but, in the main, the underground operations were well planned. The manager seems also to have had the respect of the population and the miners. He found the mines in a very backward condition as to dead work; and

a great deal had to be done at heavy cost to prepare for operations on the large scale proposed by the company. But that is not uncommon in quartz mining. A year's hand-to-mouth administration will put any mine in California in the same position.

The fundamental mistake was in the instructions given to Mr. O. to explore, open up and work as many veins as possible; and in fact he did work on some twenty-five different lodes. The principal outlays, however, were on the Pine Tree, Mt. Ophir, Green Gulch, Princeton and Mariposa mines, and the stamp-mills connected with them. The erection of the large Mariposa steam mill was perhaps premature. At all events, a mill half as large, running on selected ore, would be more profitable. The Green Gulch mine was totally abandoned, and the mill incorporated in the 59 stamp Mariposa mill. It is not impossible that the Green Gulch vein may be profitably worked again, as good mill-rock has been since obtained from a new shaft, entirely outside of former workings.

But it is not our intention to describe the present condition of the estate. Our notes and opinions would fill a volume. We have only mentioned one or two facts as specimens of the management during the year 1864, showing, we think, not incapacity, nor unusual error of judgment, but resulting in ruin, *simply because the plan of the company's organization, and the scale of its projected operations, were such as to invite every chance of ruin.* In spite of the huge nominal capital, and the large amount of bonds, a little study will suffice to convince any one that the estate was virtually expected to pay its own way from the start. During the year 1864, the total receipts were $644,886 73, of which $183,152 47 were sent from New York to the mines. The total expenses were $830,705 12, leaving liabilities on the first of January, 1865, amounting to $185,818 39—at the same time, the total assets were $746,091 12, of which the mills and

mines represented some $450,000, and the personal property, stores and bills receivable comprised the remainder. The product of the mines for the last quarter of 1864 was over $150,000 as shown by the bullion receipts of Wells, Fargo & Co., which we examined.

It was at this crisis that the company suspended payment—just as their enterprise began to look reasonably successful, when their available assets were double their liabilities, and a very little skill and pluck would have carried them safely through. They became demoralized, put the property into the hands of a creditor, who proceeded to work it for his own benefit, and actually wasted in the operation of "paying the debts of the company" more than twice the amount of those debts. If the Mariposa company had gone ahead when it stopped, it might have paid its own debts. If it had sold all its personal property and half its mills at auction, it might have paid Mr. Dodge, and been better off to-day than it is, after just emerging breathless and almost lifeless from his clutch.

Before the stupendous folly of the "compromise" of 1865, all previous mismanagement dwindles into insignificance. The demoralization to which we have alluded was shared, we fear, by the manager, whose very clear and honest report reflected a certain despondency which became a panic in New York. Yet he was probably surprised himself that the business should be stopped, just as it had begun to pay, or promise to pay. Certainly the miners were surprised. They were willing to go on working and wait for their pay —it was not the men in the mines who clamored for the money.

But the despair and timidity of New York was communicated to Bear Valley; and the principal and most pressing creditor of the company obtained charge of the property, from which he has recently been removed by order of Court, for having abused the position, wasted the property of the company, and probably over-paid himself

three-fold. The company, by its attorney, Mr. Jacob Brumagim, now has possession of the estate again.

Can the Mariposa property be worked with profit? We think decidedly, yes. Are the old mines exhausted? Decidedly, no. During the *ad interim* administration of Mr. J. J. McEwen, as receiver, enough was done to show the truth of this opinion; and, but for the unfortunate carrying away of the dam at Benton Mills, last winter, no doubt would now be entertained on the subject. Is there any guaranty against a repetition of the errors of the past? We think the same mistakes will not be made—and there are very few new ones left to make! Above all, the error of attempting everything at once will be avoided.

But are there any new elements of hope on which we may base the expectation of better success? Yes; the Ryerson amalgamation, the Giant Powder, and Chinese labor. The pay-rolls of the Mariposa mine, under Mr. Dodge's administration, show plenty of Asiatic names; and this cheap labor must be made available wherever it is suitable. We have alluded to this subject before, and some day we shall discuss it more fully.

Giant Powder and Ryerson's Eureka Amalgamators, too, shall receive further attention hereafter. For the present, let it be sufficient for us to say, that we think we accumulated on the Mariposa estate abundant proof of the fact that the re-opening of active operations by that company would be at the present moment an enterprise both feasible and promising. Indeed, we understand that some plan is proposed, but we are not acquainted with the particulars.

## REPORT OF WILLIAM T. BOURNE, Esq.

New York, *August* 3, 1866.

*President and Directors of the Mariposa Company.*

Gentlemen: In obedience to instructions received from the Executive Committee of the Mariposa Company, I left this city on the 21st March last, and arrived at the estate on the 13th of April following. During my stay, which was in all about 2½ months, I spent my time in visiting and examining the mines and mills belonging to the company, and in posting myself up as to the financial condition and the past and present management of the property.

Having but just returned, I am able to give you but a brief report, so I will confine myself to a general statement of the present condition and past working of the mines, simply to show you that the "Mariposa estate" is an extremely valuable property, and capable of being made to yield, under wise and economical management, sufficient of the "precious metal" to enrich your company, and to warrant you in immediately appropriating funds for the further development of its vast resources.

My first duty upon arriving on the property was to visit the mines that were opened and being worked. The "Mariposa mine" at the southern end of the grant was the first visited. This mine has been extensively worked during the past three years, and has yielded a large amount of ore; but it is now in that condition that it can no longer be made to pay a profit until more funds are expended in "dead work." About $20,000, it is estimated, will bring up this mine to a paying condition. I have the assurance of some of the best quartz experts in California that this is as yet a virgin vein, and, judging from the fact that it can be traced

for miles by its outcroppings, I consider this an undoubted fact.

The old "Princeton mine," that has been worked for the past eight years, and has yielded its millions, has a fruitful future. In every instance where shafts have been sunk immense quantities of pay rock have been taken out, and a large profit realized upon the outlay. It has recently been commenced, and is at present being worked on the southeast slope, and the rock from this portion of the vein yields about $8 and $10 per ton, at an expense of $6 20. The vein has been surveyed for three miles in a southeasterly direction, and there is not a particle of reason to doubt but that this undeveloped portion of the mine, ore sinking down on the vein, will yield as rich and as large a supply of ore to the foot as that part already worked out; the character of the outcropping is the same, and the vein is apparently as true as nature ever formed. The average yield of this rock from this mine for 22 months was $22 60 per ton.

With a fair outlay of money the product can be brought up to its former average. The "Pine Tree" and "Josephine mine," at the north end of the grant, are the best developed mines on the estate; sufficient pay rock can be produced without any additional outlay to furnish the Benton Mills, containing 64 stamps, for months to come. By running another tunnel about 1,500 feet under the present level, a plan that has often been proposed to you and strongly urged, you will develop a mine that will be equaled by none in the country. The present working level is some 500 feet below the surface; above the level, rock has yielded from $8 to $15; the floor of the tunnel is composed of rock, paying from $20 to $30 per ton, and the vein here is from 8 to 10 feet wide; this proves that the ore increases in value as you go down, and is a strong argument in favor of running the lower tunnel. The foregoing facts are derived from the result of close observation and from information given me by practical miners who have lived upon the

estate for years, and are perfectly familiar with all its workings.

Besides the four great mines above mentioned, there are a number that have been opened and worked in a small way; these can be made to pay handsomely with the aid of capital.

There are 150 stamps in good working order upon the estate, capable of crushing 250 tons of rock per day; the mills are all furnished with machinery for the saving of gold, still the gold is not saved. A fortune is lost every year, not only here, but it is the case of many other mines in the State, owing to imperfect machinery. During my visit, a new process of crushing and amalgamating was introduced at the Benton Mills, and the test, made under my personal observation, shows that this machinery has an immense advantage over the old process of gold saving.

The rock is crushed dry by the run of rollers instead of stamps, and it is ground into impalpable powder, in drums containing chilled musket balls; superheated steam is introduced into the amalgamator, and by this means the gold is entirely separated from sulphurets and mineral oils, so that it readily amalgamates with the mercury. The copper shaking-pan, for collecting the metal used with this machinery, is a complete affair, and so arranged that it is impossible for any of the gold to escape. The test made, as mentioned above, was of rock from the "Pine Tree" mine and yieldied 71 per cent. more than by the stamps and battery process. Afterward a quantity of rock from the "Josephine," a mine that had been condemned on account of the inability of the machinery at Benton Mills, to save enough ore to pay running expenses, was put through this process, and yielded $28 per ton.

These are trustworthy facts and figures, and the expectations of Messrs. Hall & Brumagim, the gentlemen who put up and worked the machinery, were more than realized. From what I have witnessed, I have no hesitation in recom-

mending the introduction of this new machinery, generally upon the estate, and particularly at the Benton Mills, where the ore that is worked contains so much float gold and sulphurets. The cost for material and erecting mill will not exceed, I judge, $6,000 for each set of machinery to work nine (9) tons per day, and the running expenses will be from ¼ to ⅓ less than by the present process.

The tailings at the different mills upon the grant, amount, at a fair estimate, to 100,000 tons; they have heretofore been considered of too little value to attempt to work them with hope of a profit, but tests made during my visit show that a grand mistake has been made, and these neglected sands can be worked at a very small expense and produce a larger yield than the present average of the rock from the mines. Thirteen tons of the tailings from the Bear Valley Mill, ground in Knox steam bottom pans, with the introduction of certain chemicals unknown to me, yielded $15 25 per ton. Since I left, I have been informed that the yield has increased to $18 per ton. The Princeton tailings by a test made by Hall & Brumagim, in their machinery, gave $10 per ton. According to these figures, you have in sight over $1,000,000 that can be realized at a cost of less than one-half that amount.

To furnish you with a complete statement of the financial condition of the property, and the plans that have suggested themselves to me for a more economical management requires me to enter into minute details to be understood, therefore, I shall make them subjects for a future report.

Respectfully, your obedient servant,

WM. T. BOURNE.

## THE MARIPOSA COMPANY,

THE CAUSES WHICH LED TO ITS FAILURE AND TO THE CREATION OF THE TRUST ESTATE FOR THE BENEFIT OF THE HOLDERS OF CERTIFICATES AND PREFERRED STOCK OF THE COMPANY.

It is only a few years, since the Mariposa estate became known to the capitalists of New York as the Ophir whose inexhaustible mines were yielding gold in such rich profusion that it seemed incredible that any extravagance or mismanagement could deplete the purse into which this vast stream of wealth was incessantly pouring. This magnificent estate, in geographical extent, population and resources, far exceeds the oldest republic of the old world, but when its proprietor permitted himself to become a candidate for the Presidency of the United States, political capitalists, familiar with the inside machinery of modern politics, clearly foresaw that in the event of an unsuccessful issue of the campaign, this principality would be in the market for sale, and in this they were not mistaken.

After a number of ineffectual attempts to raise money by mortgage to pay off his liabilities, Mr. John C. Fremont, in January, 1863, executed a mortgage upon the Mariposa estate to Morris Ketchum and James W. Pryor, trustees, to secure the sum of a million and a half of dollars, which it was supposed his friends in the Atlantic States would be willing to advance upon such unquestionable security, and relieve him from his embarrassments. Capitalists were found who were willing to advance the amount required upon satisfactory terms, and the result of the negotiations was the formation of the Mariposa Company, which was organized under the Mining Laws of the State of New York on the 25th of June, 1863, with a nominal capital of ten millions of dollars.

The company immediately purchased the Mariposa estate, subject to this mortgage of a million and a half of dollars, which, it was supposed, would be sufficient to pay off all encumbrances upon the property. In payment for the estate, the company issued to Mr. Fremont and his associates its entire capital stock of ten millions of dollars, while, to enable them to raise money to pay off the encumbrances upon it, the company issued to the same parties its bonds for a million and a half of dollars, secured by the mortgage upon the estate held by Messrs. Ketchum and Pryor in trust for that purpose. These bonds bore interest at the rate of seven per cent. per annum, and were payable in ten years, both principal and interest being payable in gold coin.

For a considerable time prior to the purchase of the estate by the Mariposa Company, the product of the mines had been steadily increasing, and for the month immediately preceding this purchase they had yielded more than a hundred thousand dollars in gold, and it was estimated by competent mining engineers that by a comparatively trifling outlay the product could be so far increased as to yield a net profit of one hundred and seventy thousand dollars a month. It was not, therefore, considered necessary, in the organization of the company, to provide any working capital, as the income from the estate was considered ample, not only to pay its expenses and the interest upon its bonds, but also to pay liberal dividends upon its large capital; and all subsequent investigations seem to show that these estimates were not at all exaggerated, and that the embarrassments of the company arose from the simple fact that the amount of the liabilities assumed by it had been greatly underestimated.

These debts were all payable in California in gold coin, and by the rise in the price of gold since they were contracted, their actual amount in currency had nearly doubled, while the bonds issued by the company for their payment, although payable in gold, could only be disposed of at par

for currency, for the reason that the market was then flooded with Government securities, bearing seven and three tenths per cent. interest in gold, which could be purchased at or about par. Many of these debts, also, bore interest at the rate of two per cent. a month, which had been allowed to accumulate for several years, so that even the princely revenue derived from the mines, which would have been amply sufficient to pay the interest upon these debts, was exhausted by constant demands for the immediate payment of the principal. Parties in California, who had been disappointed in their anticipations of the estate falling into their hands, purchased claims against it at a large discount, and attached not only the produce of the mines, but also the mills, machinery, and other personal property of the estate, so as to cut off the production of the mines, and prevent the possibility of the company paying its debts.

It is not at all surprising that, under such circumstances, the bright anticipations of those who had embarked in the enterprise under such apparently favorable auspices were not realized. Extensive improvements which had been projected, and which in a short time would have paid for themselves, were at once abandoned, and instead of receiving an income from the mines, the company were called upon to raise large amounts in gold to save its property from ruin. In this emergency, to relieve it from some of its most pressing necessities, two millions of dollars of the bonds of the company were issued and negotiated at fifty cents on the dollar. The relief derived from this was, however, but temporary, for in the course of a single year the company was obliged to pay over six hundred thousand dollars for premiums on gold remitted to California to meet its liabilities.

Fortunately for all parties concerned, among the earliest and largest of the creditors of Mr. John C. Fremont were Mark Brumagim & Co., the well known bankers of San Francisco, for when, in 1860, the estate had been sold by the

sheriff, under executions issued against Mr. Fremont, and was likely to pass out of his hands, Mark Brumagim, Esq., for the indemnity of his firm, had stepped forward, and not only purchased the property, but had also paid off prior liens against it to a large amount, and the entire estate had been conveyed to him by the sheriff. Not desiring to take any advantage of Mr. Fremont's necessities, Mr. Mark Brumagim had agreed to reconvey seven eighths of the estate to Mr. Fremont at any time, upon the payment of the amounts so advanced and interest, but as neither Mr. Fremont, nor any person on his behalf, had taken advantage of this right to redeem or purchase a portion of the estate, the legal title to the whole property still remained in Mr. Mark Brumagim, and was, of course, beyond the reach of any of these subsequent creditors, and it is to this circumstance that, instead of losing only the personal property upon the estate, the company did not lose the estate itself.

In June, 1864, the company being unable to raise the funds necessary to redeem or purchase the estate, an agreement was made between the company and Mr. C. K. Garrison, to whom Mr. Brumagim had transferred his interest, by which the company obtained an extension of four years' time, within which it might redeem the estate upon payment of the amounts so advanced by Mr. Brumagim, and interest, which was liquidated at three hundred thousand dollars in gold.

The company then staggered along under its increased weight of debt (for the two millions of dollars of second bonds also bore seven per cent. interest,) and without means to improve the estate, until January, 1865, when the interest upon its bonds being largely in arrear, a meeting of the stockholders was called, and upon their recommendation application was made to the legislature for leave to issue a preferred stock. On the 25th of April, 1865, an act was passed, authorizing the company, upon obtaining the consent of two thirds of the stockholders, to convert the

common stock into preferred, upon payment of five dollars per share.

Under this arrangement about eight and a half millions of dollars of the common stock was converted into preferred, the company realizing therefrom some four hundred and twenty-five thousand dollars in currency. But while this consent was being obtained, and the stock being taken, the interest had been running on upon the bonds of the company, so that by the time this money was actually realized, there were in arrear three coupons upon the mortgage bonds, amounting to over a hundred and fifty thousand dollars in gold, which was then selling at about 150, and also two coupons on the secured bonds, amounting to one hundred and forty thousand dollars more, after payment of which the company had on hand a surplus of some fifty thousand dollars in currency, about which amount was required to pay arrears of taxes upon the estate in California.

But while the company had been struggling to keep its head above water in New York, Messrs. Dodge Brothers, large creditors of the estate in California, under an arrangement with the company, had been working the mines and receiving the proceeds, for the purpose of paying large debts owed to them and others in California, and in a short time had paid off these debts, amounting to some two hundred thousand dollars. The company then undertook to relieve its embarrassments by making a new mortgage upon the estate for two millions and a half of dollars, into which it was proposed to fund the prior mortgage bonds as well as the common or second bonds of the company, and to provide a working capital by the sale of the remainder of these new mortgage bonds.

This project was not successful, so far as raising money by a sale of the bonds was concerned, and Mr. Brumagim still holding the title to the property, considered it advisable to place some improved machinery upon the estate at his own expense, and there was some slight pros-

pect of the estate working itself out of difficulty, when in December, 1867, the dam over the Merced river, upon which the principal mills and machinery of the company depended, was carried away by a freshet, and all mining operations were at once suspended. It was estimated that, to rebuild this dam in a substantial manner, repair the damaages to the mills and works, and to supply the improved machinery necessary for the development of the resources of the estate, would require an expenditure of over a hundred thousand dollars in gold. But the treasury of the company being empty, and the interest upon its bonds largely in the arrear, it was deemed advisable to make another application to the Legislature for leave to issue a first preferred stock, which, it was believed, capitalists already interested in the company would take, and furnish the necessary means to put the company upon its feet, and enable it to redeem the property.

A bill was accordingly introduced in the Legislature in January, 1868, but meeting with opposition from the bondholders of the company it was not passed, and upon the adjournment of the Legislature, there being no prospect of the interest being paid upon the bonds, or of the company being able to raise the funds necessary to redeem the seven eighths of the estate from Mr. Garrison, and it being reported that the remaining one eighth of the property had been sold out by the Sheriff of Mariposa county under executions issued upon judgments against the company, there was danger of the property passing out of the hands of the company and its creditors, a general meeting of the bondholders of the company was called at the Government room of the New York Stock Exchange, at which a committee of three was appointed to confer with the officers of the company and report at an adjourned meeting as to the condition of the company and its property, the nature and extent of its liabilities, the prospects and intentions of the company with regard to the payment of or provision for its liabilities.

At an adjourned meeting of the bondholders this committee, consisting of Messrs. Benjamin M. Stilwell, George Opdyke and William Aufermann, made a report, which was accepted, giving a history of the title to the property, and showing that the company had never been the owner of the fee of seven eighths of the Mariposa estate, but had only held the same under a conditional contract for its purchase, the conditions of which had not been complied with, and that unless some $300,000 was paid within a few weeks, the property would pass out of the hands of the company, and the mortgage bondholders would be left without any security for their bonds.

A perusal of this report will show more fully the condition in which the title of the estate stood, and the plan which was adopted to secure the property to the company and its creditors, by vesting the title in trustees, for the benefit of the bondholders of the company, or such of them as should see fit to become parties to the trust by converting their bonds into certificates, and also to secure the preferred stockholders any dividends which the production of the estate might enable the trustees to pay, after providing for the ten per cent. dividends upon their certificates.

This trust deed being based upon the title acquired under the Sheriff's deed conveying the property to Mark Brumagim in 1861, which was long anterior to any of the mortgages upon the estate, and all other outstanding claims upon the property having been settled or purchased and vested in the trustees, they hold a perfect, clear and undisputed title to the estate, as trustees for the benefit of the holders of their certificates, and of the preferred stock of the Mariposa Company. These certificates can only be issued in exchange for, and upon the surrender of the bonds or preferred stock of the company to the amount of the certificates issued, and the payment of an assessment sufficient in amount not only to furnish the means to carry out the trust, but also to provide an abundant working capital for the developing the estate.

The most important object which has been attained by the creation of this trust has been the raising a working capital of half a million of dollars in cash, which is a free gift of that amount to the company—the same having been contributed as a bonus for an exchange of certificates for an equal amount of the bonds or preferred stock of the company surrendered. The obligations of the company have thus been reduced by the full amount of certificates which have been issued in exchange for bonds, and the preferred stock has been reduced by the full amount of certificates issued in exchange for such preferred stock.

The estate having been removed entirely from the control of the company, and placed in the hands of trustees not authorized to create any indebtedness, the entire net proceeds of the mines are secured to the purposes provided for by the trust—the payment of ten per cent. per annum upon the certificates, and then a dividend of eight per cent. upon the preferred stock, after which the surplus, if any, must be applied to the redemption of the certificates, which being all redeemed, by the terms of the trust the estate is to be reconveyed to the Mariposa Company.

These trustees, having a large cash working capital on hand, are now engaged in rebuilding the dam over the Merced river in a substantial manner, and repairing the mills, which are expected to be in working order by the middle of November, 1868; and having introduced the latest processes and improvements in machinery for extracting gold, and secured the highest engineering and mining skill to apply the same, there is now for the first time a prospect of the immense resources of the estate being fully developed.

## PEPORT OF THE COMMITTEE OF INVESTIGATION APPOINTED BY THE BONDHOLDERS OF THE MARIPOSA COMPANY.

*To the Bondholders of the Mariposa Company*:

GENTLEMEN: At a general meeting of the bondholders of the Mariposa Company of all classes, held, pursuant to public notice, at the Government room of the New York Stock Exchange, on the 20th day of May instant, the undersigned, with the Hon. Geo. Opdyke, were appointed a Committee to confer with the officers of the Mariposa Company, and to investigate and report at a subsequent meeting as to—

1st. The value and condition of the property of the company.

2d. The nature and extent of its liabilities of all kinds.

3d. What proposals, if any, the company have to make with reference to the paying or providing for the principal and interest of their outstanding bonds.

Your Committee have made as full an investigation of the matters thus committed to them as the limited time allowed for the purpose would permit, and beg leave respectfully to report.

The Mariposa estate, for the purpose of working which the Mariposa Company was organized, consists of a tract of 44,387 acres, which is equal to seventy square miles of land, situated in Mariposa county, California—as an evidence of the exceeding richness of which, your Committee only consider it necessary to refer to the fact, that of the innumerable veins of gold-bearing quartz known to exist upon the property, one of them alone, the "Princeton Mine," has already, with very imperfect machinery, produced over eighteen hundred thousand dollars of gold.

The numerous and distinguished mining engineers who have at different times visited and explored the estate, have all agreed in the statement that the gold bearing quartz which abounds and can be mined upon it is not only exceedingly rich in quality, but may be considered as practically inexhaustible in quantity. And as wood and water are also found upon the property, if gold-mining can be pursued as a profitable occupation anywhere in California, there cannot be any reasonable doubt that this immense tract of land is abundantly sufficient to secure a much larger amount than all the encumbrances now upon it, and that nothing but skill and capital can be required to enable the company to pay, not only interest upon its bonds, but also dividends upon its capital stock.

Your Committee have therefore no hesitation in reporting, that in their opinion the property of the company is amply sufficient, with prudent management, to pay a hundred cents on the dollar of the principal and interest of all its obligations. But an investigation of the title of the company to the Mariposa estate has disclosed a state of facts materially affecting the security of the creditors of the company, and to which their particular attention is therefore invited.

In 1858, shortly after the Mariposa estate was confirmed to John C. Fremont by Letters Patent from the United States, a judgment was recovered against him in the District Court for the Fourth Judicial District of California, for a large amount; and under an execution issued upon this judgment, on the 9th day of September, 1859, the sheriff of Mariposa county sold all the right, title, and interest of John C. Fremont in this estate to one Francisco O'Campo, the plaintiff in the execution; a certificate of which sale was duly filed in Mariposa county. Mr. Fremont having been at this time largely indebted to the banking firm of Mark Brumagim & Co., of San Francisco, one of the members of that firm, for their indemnity, purchased the certifi-

cate of sale; and on the 7th of February, 1860, Francisco O'Campo assigned the same and all his interest in the property to Mark Brumagim.

On the 22d of February, 1860, an agreement was made and entered into between Mr. Brumagim and John C. Fremont, by which Brumagim agreed that upon the performance by Mr. Fremont of certain things in the agreement specified, the principal of which was the delivery of a large quantity of gold, he Brumagim would give Fremont a deed of seven-eighths of the right or title which Brumagim then had under said certificate of sale, or which he might subsequently acquire under the sheriff's deed upon such sale, in case the property should not be redeemed by Fremont or some of his other creditors.

On the 18th of October, 1851, the property not having been redeemed, and the time for redemption having expired, the sheriff of Mariposa county, in pursuance of such sale, by deed of that date, duly conveyed to Mark Brumagim all the right, title and interest of John C. Fremont in the estate. The only interest, therefore, which John C. Fremont had in the Mariposa estate, at any time subsequent to the date of this sheriff's deed, was simply a right under the agreement made with Brumagim, on the 22d of February, 1860, to redeem seven-eighths of the estate, upon the terms set forth in that contract.

On the 10th of January, 1863, for the purpose of raising money to pay this and other claims, John C. Fremont executed and delivered to Morris Ketchum and James W. Pryor, a mortgage upon six-eighths of the estate, to secure the sum of $1,500,000, and on the 24th of June thereafter Abia A. Selover and Frederick Billings, who had become the owners of the other two-eighths of the estate, also executed a mortgage to the same parties, upon their two-eighths interest in the estate, to secure their proportion of this $1,500,000.

On the same day an agreement was made between

Fremont, Billings and Selover, the makers of this mortgage of the first part, and Morris Ketchum and James W. Pryor, the holders of the mortgage of the second part, reciting that this mortgage for $1,500,000, although nominally given to secure a debt, had in fact been made only for the purpose of raising money to pay, or purchase in liens or encumbrances upon the Mariposa estate, which were estimated to amount to a sum not exceeding $1,500,000. That the estate had been sold to the Mariposa Company, subject to said liens and encumbrances, which the company had assumed and agreed to pay or purchase, and for the purpose of raising money therefor, was about to issue and sell fifteen hundred bonds of one thousand dollars each; and it was thereupon agreed that the said mortgage should be held by the said Ketchum and Pryor, as security for the payment of the principal and interest of said bonds, and for no other purpose whatever.

On the 25th day of June, 1863, the Mariposa Company having been organized under the laws of the State of New York, Morris Ketchum, to whom John C. Fremont had conveyed his interest in the estate, together with Abia A. Selover and Frederick Billings, who had become the owners of the other two-eighths thereof, executed and delivered to the Mariposa Company a deed purporting to convey to it the whole of the Mariposa estate subject to these liens and encumbrances, which the company thereupon agreed to pay.

It will be borne in mind that all the right, title and interest of John C. Fremont in this estate, which was thus transferred to the Mariposa Company, had been sold out, and two years before conveyed by the sheriff to Mark Brumagim, who still owned the same, and that the only interest which John C. Fremont had in said premises, or could convey, was a right to redeem the same under the agreement hereinbefore referred to, dated February 22, 1860, upon payment of certain liabilities to Mark Brumagim and others, amounting to over $300,000 in gold.

This was what was known as the Brumagim claim, and, whether it was a title or only a lien, the company could not have a clear title to the estate until it was disposed of or transferred to the company, and in the purchase of the estate it was considered as one of the liens assumed by the Mariposa Company, and for the purpose of paying which the mortgage for $1,500,000 had been originally given, and the bonds of the company issued.

But although these bonds had been sold at par, they had produced only that amount in greenbacks, while nearly all those claims being in California, were payable in gold, and before they could be got up, gold had arisen to over 200 per cent.; so that, after applying the proceeds of all these bonds to the purpose for which they were issued, there still remained outstanding against the estate claims which it would require nearly as much more money, at the then price of gold, to pay.

It was under these circumstances, when the entire fund provided to pay these liens had been exhausted, that in May, 1864, the company were called upon to meet this claim, which had been in the meantime assigned by Mr. Brumagim to Cornelius K. Garrison.

To pay this claim in gold, at the price of gold prevailing in the summer of 1864, would have required the company to raise nearly $800,000 in currency; but believing that the best interests of the company would be subserved by postponing the settlement upon any reasonable terms for several years, until gold should return more nearly to par, an arrangement was effected which, although entirely conditional in its nature, served to postpone the claim, and the company now reap the benefit of it, by being able to settle for some $300,000 in currency a claim which would have required nearly $800,000 to pay, at the high rates of gold in the summer of 1864.

And if, by reason of the subsequent inability of the the company to comply with the terms of this agreement, the

claim now presents itself in a very unsatisfactory condition for the interest of the bondholders, in justice to those who in good faith made the arrangement, we must admit that it was wisely and prudently made, and that those who made it acted at the time for the best interests of the company.

The agreement made between Garrison and the company, upon the final settlement of this claim, in 1864, recites the sale of the Mariposa estate under executions against John C. Fremont, the sheriff's deed conveying the property to Brumagim, the agreement of Feb. 22, 1860, by which Brumagim agrees to convey seven-eighths of the estate to John C. Fremont upon certain terms in said contract specified, that Fremont's right to receive this deed has become vested in the Mariposa Company, and that Brumagim's title and interest had been conveyed to Cornelius K. Garrison; and thereupon, in consideration of the due performance by the Mariposa Company of its agreement in said deed contained, Mr. Garrison covenanted and agreed, that until default should be made by the Mariposa Company in the delivery of certain quantities of gold in merchantable bars and ingots specified in said agreement, he would not bring any suit upon the sheriff's deed, or under the agreement of the 22d of February, 1860, to obtain possession of the estate, or the rents or profits thereof, or molest or disturb the Mariposa Company therein.

Garrison at the same time executed a deed of this seven-eighths of the Mariposa estate to Morris Ketchum and James W. Pryor, which deed, with three others to be executed, releasing claims against John C. Fremont and the estate, it was agreed should be delivered into the hands of William B. Duncan, Esq., *in escrow and upon condition*, that whenever the Mariposa Company should have made all the deliveries of gold therein covenanted, and not before, the same should be handed to Ketchum and Pryor, and a complete delivery thereof effected.

It further provides that if these deeds, so deposited in

escrow, shall not be found satisfactory to the company, or considered sufficient to convey and release the seven-eighths of the estate, then, within four months from that date, or within one month after notice that all such deeds and releases had been executed and delivered to the said William B. Duncan in escrow, the Mariposa Company should and might, by a notice in writing delivered to Garrison or left with William B. Duncan, Esq., elect to either accept such deeds and releases as sufficient, and permit the arrangement to take effect, or the Company might consider the same at an end, and the four deeds so left in escrow as annulled and void, and might thereupon require a return of whatever part of the gold had been delivered to Garrison under the arrangement, and a cancellation of the coupon notes thereinafter referred to.

The Mariposa Company therepon agreed on or before the 22d of June, 1864, to deliver to C. K. Garrison, in merchantable bars and ingots, 5,854 ounces 18 dwts. and 5 grains (about $100,000) of pure gold, troy weight according to standard, and also agreed within four years thereafter to deliver to Garrison or to the holder of the coupon notes thereinafter referred to, and at the times and in the parcels in such coupons specified, quantities of pure gold in like bars or ingots, amounting to 11,638 oz. 6 dwts. and 16 grains troy weight (about $200,000).

Upon the execution of this agreement the Mariposa Company executed and delivered to Garrison eight coupon notes, respectively numbered one to eight, for the $200,000 of gold hereinbefore referred to, and the interest thereon, payable in one, two, three and four years, from June 22, 1864, and on the 22d of June, 1864, delivered to him the $100,000 of gold provided for in the agreement.

This agreement further provides that nothing therein contained or referred to shall prejudice, impair, or in anywise affect any right or claim to said land in respect to the transactions between the said Fremont and the said Brumagim,

in case the final adjustment of all disputes between them thus contemplated should fail to take effect.

As the deeds thus executed and deposited in escrow purported to convey the estate to Ketchum and Pryor, and not to the Company, it is clear that the Mariposa Company could have no legal title whatever to the seven-eighths of said estate conveyed by Brumagim to Garrison, except by the delivery of the gold provided for in the coupon notes, which would authorize Mr. Duncan to deliver to Messrs. Ketchum & Pryor the deeds left in his hands in escrow, and Messrs. Ketchum & Prior might then convey the property to the Company.

The first two of such coupon notes, amounting to $50,000 in gold, became due on the 22d of June, 1865, and were taken up by the trustees of the company, who claim that in doing so they advanced of their own funds about $40,000 in currency, and as security for such advance they now hold these two notes.

The other six notes, amounting to $150,000 in gold, and interest from June 22, 1864, have not been paid, or in any way provided for, and if the holders of the Garrison claim are still willing to receive the gold and carry out the agreement, it will require for the payment of principal and interest at the present price of gold (140), a payment of $268,800 in currency; but as these parties are entitled to, and will probably demand the market price of gold at the time when the same should have been delivered, the claim, with interest, will amount on the 22d of June, 1868, in currency, to $316,800; and as the agreement in question was entirely conditional, unless the amount due is tendered and paid to them before the 22d of June, 1868, it is, to say the least, exceedingly doubtful whether they are bound to accept the same and carry out the arrangement; or whether they may not at any time after that date tender and return the gold already paid, and the interest thereon, and take back the deeds from Mr. Duncan, and then become the absolute owners of seven-eighths of the entire estate.

But whatever may be the effect of a default in the performance by the Mariposa Company of their portion of this arrangement, one fact is beyond dispute, that the only right which the company or the bondholders have either at law or in equity to this seven-eighths of the estate is a right to redeem it from this sale, which is prior to all mortgages thereon, and that before the bondholders can claim any right or title whatever to that portion of the estate under their mortgage, they must redeem the property by the payment or tender to the holders of this Garrison claim of the whole balance due thereon, under this arrangement.

Some time after this settlement had been made with Mr. Garrison, by which the company obtained an extension of four years to redeem the property from this sale, an arrangement was made with Messrs. Dodge Brothers, large creditors of the company in California, to take a lease of the estate and work it, and receive the proceeds for the purpose of paying certain large debts due in California. Messrs. Dodge Brothers thereupon took possession of the entire property, and held it until within a late period; and although they realized sufficient therefrom to pay some $200,000 of the debts due to them and their friends, the company were left without the means to meet these notes given to Garrison to redeem the estate, and when, some time since, it had become apparent that the company could not meet its obligations, and the management then in power despaired of extricating it from its embarrassments, Mr. Mark Brumagim, who had been the original holder of this Garrison claim, and who was also a large stockholder in the company, was induced to accept the office of President of the company, and attempt to save the property for the stockholders.

Taking the office without any salary, he at once took steps which resulted in recovering the estate from the lessees, in whose hands it had been worked, as was to be expected, solely with a view to obtain the largest present

yield, utterly regardless of the permanent interests of the estate. Improved machinery was introduced upon as large scale as the unsatisfactory financial condition of the company would permit, by which it is claimed by the officers of the company that the yield of the mines has been increased from less than ten dollars a ton, barely covering the expenses, to an average of over thirty dollars per ton, yielding a net profit of some twenty dollars per ton.

The Brumagim management being confident that if sufficient capital could be obtained to introduce this improved machinery upon a large scale the estate could not only be relieved in a short time from its embarrassments, but would be able to pay dividends to its stockholders, applied to the Legislature at its last session for the passage of an act authorizing the issue of a first preferred stock, which, as your Committee are informed by the officers of the company, capitalists already interested in the stock were prepared to take, and thus furnish the necessary means to restore the company; but the Legislature adjourned without passing this act, and the company finds itself utterly unable to make any provision for redeeming the estate or paying the interest upon its obligations.

Mr. Brumagim still has confidence in his ability to restore the company to a satisfactory financial condition; and, from his long and intimate connection with the holders of the Garrison claim, is confident that if the bondholders of the company are willing to step forward and contribute a reasonable amount to perfect the title to the property and put the company in a substantial position to develop the immense resources of the estate, he can induce the holders of the Garrison claim to co-operate with them, and not only waive any default which has heretofore occurred, but contribute liberally to the restoration of the company by accepting themselves for a large portion of their own claim the same provision which is offered to the bondholders.

* * * *

The Committee thereupon submitted a plan which had been prepared by Mark Brumagim, Esq., to secure the property to the company, and, at the same time, raise a cash-working capital sufficient to work it, which plan was adopted, and has been carried out. The substance of it is embodied in the following final report of the Committee:

## FINAL REPORT OF THE COMMITTEE OF THE BONDHOLDERS OF THE MARIPOSA COMPANY.

*To the Bondholders of the Mariposa Company:*

GENTLEMEN:

At the last general meeting of the bondholders of the Mariposa Company your Committee were authorized and empowered to carry out the plan proposed in their report, presented on that day, for the transfer of the Garrison title to the Mariposa estate to trustees, who should hold the same in trust for the benefit of the holders of the certificates therein referred to, into which certificates it was proposed to fund all the outstanding bonds or liabilities of the company. Your Committee were, at the same time, instructed to make such further negotiations and arrangements as to include, if practicable, both classes of the stock of the Mariposa Company in the arrangement.

Pursuant to the powers thus conferred upon them, and to the desire so expressed, your Committee at once entered into negotiations with the representative in the city of New York of this Garrison claim and with the officers of the Mariposa Company, and have the satisfaction of reporting to you that an arrangement has been made by which the plan proposed by your Committee, with some slight modifications in the details thereof, will be carried out, and by which the interests of the holders of both classes of stock of the company are as fully protected as was practicable consistently with a due regard to the security of your prior rights as bondholders.

Some months since Mr. John W. Brumagim, of San Francisco, purchased all the right, title and interest of Mr. Cornelius K. Garrison in the Mariposa estate, which was conveyed to him by deed, duly executed and recorded

in Mariposa county, California. This deed vested in Mr. John W. Brumagim seven-eighths of all the right, title and interest which John C. Fremont had in the Mariposa estate, on the 12th day of November, 1858, the day on which the judgment was docketed against him, under which the property was sold by the sheriff.

The title under this sheriff's sale, which was subsequently vested in Mr. C. K. Garrison, as particularly set forth in our former report, was long prior to the making of the mortgages by which the bonds issued by the Mariposa Company are secured, and the title of Mr. Fremont, which had been confirmed to him by the judgment of the Supreme Court of the United States, having thus become vested in Mr. John W. Brumagim, no doubt could be entertained as to his title to that portion of the estate, except so far as the Mariposa Company claim title thereto under the contract, dated February 22, 1860, referred to in our former report.

By the settlement now made this interest is vested in trustees for the purpose of securing the certificates proposed to be issued ; in addition to which all the mortgage bonds which are converted into certificates under this arrangement are also to be transferred to and held by the trustees as part of the trust estate.

The officers of the Mariposa Company having, at their first conference with your Committee, announced the utter inability of the company to raise the large amount necessary to be paid before the 22d of June, 1868, to redeem the estate as stated in our former report, it appeared to them as well as to your Committee, that the interest of the bondholders as well as those of the stockholders of the company required not only that the proposed plan should be adopted as the only feasible mode of securing the interests of all parties, but that it should be carried into effect with the least possible delay.

The urgency of the circumstances thus admitting of no delay, the arrangement has already, with the assent of the

company, been consummated, and Mr. John W. Brumagim has, by a deed of trust, conveyed all his interest in the property to three trustees—Mark Brumagim, John J. McEwen, and Edward B. Walsworth, the two latter of whom were selected by Mr. John W. Brumagim; but your Committee preferring Mr. William B. Duncan as one of the trustees, it is understood that one of the two last named trustees will resign in favor of Mr. Duncan, who, it has been intimated, would consent to act as one of the trustees under this arrangement, in case the same shall be approved by the bondholders and officers of the Mariposa Company.

The trustees have already, under this arrangement, entered upon and taken possession of the estate so conveyed to them under the trust, and are now working the same through the Mariposa Company, as their agents, but the trustees may at any time resume actual possession thereof, whenever the majority in amount of the holders of the certificates hereinafter referred to shall, by a written notice to the trustees, so request.

In consummating this arrangement, the claims of Mr. John W. Brumagim were liquidated and fixed by the deed of trust at $300,000 in currency, the one-half of which is to be paid in cash from the proceeds of the certificates hereinafter referred to, and until paid is to bear interest at the rate of ten per cent. per annum. The proceeds of the working of the mines are to be applied, under the direction and control of the trustees: First, to the payment of the balance of this amount and the interest thereon. Second, to the payment of dividends at the rate of ten per cent. per annum upon the certificates which may be outstanding—such dividends to be accumulative, and, if not paid within the year, to be made up out of the first subsequent earnings. Third, to such improvements upon the property as shall be considered necessary; and the surplus of such earnings, if any, are to be applied by the trustees to the payment of a

dividend for the thenc urrent year, at a rate not exceeding eight per cent. per annum upon the preferred stock of the Mariposa Company.

After payment of such dividend on the preferred stock, the trustees may apply any balance in hand to the payment and redemption of the principal of the Mariposa certificates which may be outstanding, but no such redemption of the principal of any of these certificates shall take place until all dividends thereon shall have been paid, nor until a dividend at the rate of four per cent. shall have been paid upon the preferred stock for the six months then last past.

This trust deed further provides that after payment in full of the $300,000 due John W. Brumagim, and the payment in full of all the certificates issued and the dividends thereon, if the debts of the Mariposa Company outstanding shall not exceed $100,000, the trustee may reconvey and transfer the estate by a quit-claim deed to the Mariposa Company.

But if the dividends upon the certificates shall at any time be and remain in arrears and unpaid for two years, or, in any event, at the expiration of ten years, if the certificates shall not have all been previously redeemed, with all dividends thereon, the trustees shall sell the estate at auction in the city of San Francisco, California, to the highest bidder, having first given notice of such sale by publishing the same in two San Francisco papers for four months, and in two New York papers for three months, such sale to be subject to the approval of a district Judge in San Francisco, and to be conducted in such manner as is required by the laws of California in relation to the sale of trust estates, and to be approved in like manner.

In case it shall become necessary in executing the trust to sell the estate, the proceeds of such sale are to be applied: First, to the payment of costs, charges, expenses, &c. Secondly, to the payment of any balance which may remain

unpaid on account of the $300,000 claim of John W. Brumagim and the interest thereon: Thirdly, to the redemption of any certificates which may still be outstanding, and any dividends thereon: Fourthly, to the payment to the holders of the preferred stock of the Mariposa Company of fifty per cent. upon the par value of the stock, exclusive of any arrears of dividends thereon: and, lastly, to divide any surplus of such proceeds which may remain, pro rata, among all the holders of the common and preferred stock of the Mariposa Company, equally, irrespective of the fifty per cent. previously paid upon the preferred stock.

For the purpose of providing for the payment of this sum of $300,000, and the interest thereon at ten per cent. per annum, until the same shall be fully paid, and for which Mr. John W. Brumagim, in his trust deed, expressly reserves to himself a lien or charge upon the estate, and also to provide a fund for the working and improving the property, the trustees, who are known as the "Trustees of the Mariposa Estate," shall issue certificates to an amount not exceeding $4,000,000, which certificates shall be in sums of $100, or in multiples of $100, and substantially in the following form, or to the following purport:

MARIPOSA CERTIFICATE.

The Trustees of the Mariposa Estate, under a deed of trust bearing date the day of 1868, made by John W. Brumagim to Mark Brumagim, Edward B. Walsworth, and John J. McEwen, as trustees, and their successors, do hereby certify that

or assigns,

entitled to an interest in the trust which is created by the said Deed of Trust, for the benefit of the Mariposa Certificates therein provided for, to the extent of

dollars, in the proportion which that sum bears to the whole amount, not exceeding

four millions of dollars of Mariposa certificates, issued and to be issued under said deed of trust, and to receive out of the fund provided for that purpose by the said deed of trust, provided that, or in so far as such fund shall prove adequate therefor, a dividend at the rate of ten per cent. per annum, from the first day of July, 1868, or from the first day of July or January next ensuing the date hereof, upon the above specified amount of this certificate, payable semi-annually, on the first days of January and July, which dividend is accumulative, so as that if the fund be inadequate to meet it for any period, the deficiency is subsequently to be made up when the fund shall be adequate, and the payment of such dividends from the fund provided therefor to be continued until payment or redemption of the said principal sum above specified, or of so much thereof as upon the closing of the trust the fund provided for the purpose by said trust deed shall suffice to pay.

This certificate, or the interest thereby represented, is assignable only upon the transfer books kept by the trustees for the purpose, when this certificate shall be surrendered and a new one issued to the transferee.

And this certificate is subject to the conditions and provisions of, and entitles the holder to the benefits, in that behalf provided by the deed of trust above mentioned, reference to which is hereby made.

In witness whereof, the said trustees have caused this certificate to be signed in their behalf by one of their number, the day of , 186

————, *Trustee.*

————, *Transfer Agent.*

These certificates shall only be issued by the trustees to the bondholders or other creditors of the Mariposa Company in exchange for, and upon surrender to the trustees of bonds or other obligations of the Mariposa Company, and interest thereon to the amount of the certificates issued, or to the holders of preferred stock of the company, in ex-

change for such preferred stock of the same amount, and upon the payment in cash to such trustees of such amount as such trustees may in each case exact, but *not less* than ten per cent. upon such certificates as shall be issued prior to the 1st of July, 1868, in exchange for bonds or other obligations of the company, other than judgments, and not less than 20 per cent. upon such certificates as shall be issued to bondholders or creditors after the 1st of July, 1868.

Such certificates may also be issued in exchange for judgments against the Mariposa Company, upon payment in cash of not less than 30 per cent. upon the face of the certificates so issued, and they may also be issued to the holders of the preferred stock of the Mariposa Company upon the like terms. The rates of cash payments to be exacted by the trustees in each case to be entirely in their discretion, but the amount of such certificates shall in no event exceed $4,000,000, nor the cash payments required upon the exchange thereof be less than the amount above prescribed.

As to the preferred stock, etc., of the Mariposa Company, which shall be assigned to the trustees in exchange for such certificates, it shall be optional with the trustees from time to time to cancel or extinguish the same, or to retain the same on hand in full force and effect as part of the trust estate, for the protection and benefit of those interested in the trust.

All cash funds received by the trustees from the parties to whom such certificates shall be issued, or from the working of the mines upon the estate, shall be applied, from time to time, as received, one-half thereof to the payment of the $300,000 due to John W. Brumagim, with interest thereon, and the other half thereof (and the whole thereof after such $300,000 and interest shall have been paid), to the costs, and expenses of managing, improving and working the estate, and extracting gold and minerals there-

from, including such provisions of new, or repairs or alterations of old machinery for that purpose, or for the introduction of water upon the estate from any river or stream by means of a canal or ditch, or otherwise, as the trustees may from time to time judge proper or expedient.

The trust deed contains carefully prepared provisions as to the mode of issue and transfer of such certificates, the payment of dividends thereon, the manner of removal of the trustees, the mode of filling vacancies, authorizing one or more of the trustees to act in case of the absence or disability of the other or others, the details of which your Committee have not considered it necessary to set forth more fully, as printed copies of the deed of trust are in the possession of your Committee, and may be obtained and examined by the parties interested.

The necessary documents to consummate this arrangement have been carefully prepared by able counsel, and if it be possible to secure the interests of the bondholders in the mode proposed, your Committee are satisfied it has been done, so far at least as concerns the interests of those of the bondholders who may see fit to become parties to the arrangement, and contribute their proportion of the amount which it is absolutely necessary to raise to put the estate in a condition to enable it to pay its debts.

The certificates to be issued under this arrangement will be ready for delivery on the 5th of June inst., at the office of the Company, 34 Wall street, and those of the bondholders who choose to step forward at once and avail themselves of the provisions of this trust deed, may receive Mariposa Certificates in exchange for the face of their bonds and coupons, with interest up to the 1st of July, 1868, upon surrendering their bonds and coupons, and paying before the 15th day of June inst., fifteen per cent. in cash upon the certificates so issued. After that date, and until the first day of July, such exchange may also be made, by payment of twenty per cent. and the surrender of the bonds and coupons.

As an inducement for the preferred stockholders to join in this arrangement, the trustees have set aside $500,000 of the certificates which will be exchanged for an equal amount of preferred stock upon payment of fifty dollars per share in case application is made therefor before the 1st of July, 1868.

The option being thus first given to the bondholders to come in and take these certificates, and thereby secure their lien upon the estate, such of them as do not see fit to avail themselves of it cannot complain if other creditors or stockholders of the company step in, and, by taking their places, obtain a preference over them.

Your Committee, in earnestly recommending the bondholders to avail themselves promptly of the provisions of this trust deed, desire to remind them that the affairs of the Company were in such a condition, as explained in our former report, that unless this $300,000 was paid, or in some other manner provided for, before the 22d day of June, 1868, the lien of the mortgages by which the bonds of the Company are secured, would have been destroyed by the paramount title which is thus vested in the trustees as to seven-eighths of the estate. By this arrangement, which, in the opinion of your Committee, is, under the circumstance, a very favorable one, the bondholders have the privilege of participating in the security of this trust deed by converting their bonds into certificates within a limited time; but those who do not see fit to avail themselves of the privilege will be in no worse condition by reason of this arrangement, for the *liability of the Company* for their bonds will be in no wise affected by it.

All which is respectfully submitted

BENJ. M. STILWELL,
11 *Chambers Street.*
WM. AUFERMANN,
66 *Exchange Place.*
GEO. E. KING,
*Brooklyn.*

NEW YORK, *June* 1, 1868.

Mr. Edward B. Walsworth, one of the trustees named, having resigned the trust, upon the nomination of a committee appointed for that purpose at a general meeting of the bondholders and stockholders of the Mariposa Company, John A. Stewart, Esq., President of the United States Trust Company, was appointed in his stead, and has accepted the trust, and is now acting, as trustee and treasurer of the trust.

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